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# Lag Is Found in Industry Plans for Arms Cutback

**Columbia Study Says Concerns Face Conversion Problems**

By WILL LISSNER

Prof. Seymour Melman of Columbia University made public yesterday the data on the economic impact of arms reduction that he presented to members of Congress Tuesday.

A survey by the Seminar on Industrial Conversion in Columbia's Department of Industrial Engineering indicates that 67,000 technical, clerical and production workers in 19 major defense concerns were laid off recently or are scheduled to be laid off shortly.

The layoffs show that there are weaknesses in public and private planning for industrial conversion, Professor Melman said.

The survey covered concerns in New York, New Jersey, Massachusetts, Colorado, California and Washington.

In the New York metropolitan region, 7,955 production, clerical and administrative workers, engineers and technicians have been laid off and 6,000 more layoffs have been scheduled, a total of 13,955, the survey found.

## Skilled Workers Laid Off

In New Jersey the total is 10,460, including 180 impending layoffs. In Massachusetts it is 10,920, including 2,500 layoffs now pending. The California total is 14,350, of which 10,450 are pending. Colorado has had 2,800 layoffs and Washington state 14,600, with a continued reduction in employment through 1964 slated.

"These layoffs in highly skilled occupations underscore the special problems of converting from military to civilian work," Professor Melman said.

"Military-oriented skills are often not readily applicable to civilian work. That is why there is unemployment in these occupations and regions in the midst of an upswing in general employment," he said.

Professor Melman said that the problem of converting from a largely military-dominated economy to a full peacetime one now was fundamentally different from what it was after World War II. Then the problem was reconversion; the concerns involved could go back to doing the same civilian work they had done before the war.

Now, he said, the bulk of military production is concentrated in industries that have specialized in defense work and have rarely had a prior history of civilian work.

"The problem is one of con-



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**Gardner Ackley of Council of Economic Advisers, who will head panel exploring the economic impact of potential disarmament moves.**

version," he said, "of redesigning the total operation of enterprises and parts of enterprises."

The feasibility of converting defense industries to civilian work has been studied in a number of industries, he said.

In the airframe industry, for example, a vigorous program of civilian product development could create a civilian industry that could employ about half the industry's employees, he said.

The products would include commercial, private and business aircraft, space products, rapid transit, industrially produced homes, sections of commercial buildings, electric power vehicles and hydrofoil boats.

Even so, a substantial part of the industry's work force would have to find jobs elsewhere, Professor Melman said.

## Planning Is Deterred

Electronics industry's output is for the military. The industry could shift to civilian products like traffic control machines, electronic educational equipment and medical electronics, but the purchasers would be mainly governments—local, state and Federal, he said.

"A few electronics firms have found that the unknown size of the government market at this time deters serious production planning for it," Professor Melman said.

"This requires creation of a

**Reports Loss of 67,000 Jobs at 19 Companies in 6 States**

market on the basis of capital budgeting plans by all sectors of government. The separation of capital spending plans from expense for current operations will create a calculable market," he said.

Professor Melman said the Columbia survey showed that the people and government had a social responsibility to help defense industries transform to meet new needs of society in education, communications, high-grade low-cost housing, hospital construction and similar products.

He proposed setting up an economic conversion commission to help in the transformation as military work was completed.

Professor Melman presented his views in Washington Tuesday to a group of House members from areas affected by current and expected cutbacks in military spending.

## Economic Panel Named

WASHINGTON, March 25 (AP)—Gardner Ackley of the Council of Economic Advisers has been named by President Johnson to head a 10-man committee studying the economic impact of potential disarmament moves.

Mr. Johnson created the committee last Dec. 21. It is called the Committee on the Economic Impact of Defense and Disarmament.

George E. Reedy, White House press secretary, said it would be a continuing group and no public reports were envisioned, at least at this time.

The other committee members are:

Adam Yarmolinsky, special assistant to the Secretary of Defense; Archibald S. Alexander, assistant director of the Arms Control and Disarmament Agency; Joseph T. Ramey, member of the Atomic Energy Commission; John C. Donovan, executive assistant to the Secretary of Labor; Richard H. Holton, Assistant Secretary of Commerce for Economic Affairs.

Also, Walter Sohler, general counsel to the National Aeronautics and Space Administration; Charles L. Schultze, assistant director of the Budget Bureau; G. Lyle Belsley, director of economic affairs of the Office of Emergency Planning, and Sturgeon M. Keeny Jr. of the Office of Science and Technology.